Discrepancies in valuation of PSUs' Disinvestment

1420. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there were sharp discrepancies appearing in the valuation of PSUs' disinvestments concerned;

(b) if so, the details of the reimbursement due to discrepancies in valuation; and

(c) whether Government initiated any action on the merchant bankers who are the cause of discrepancies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Comptroller and Auditor General of India in his Report for the year ended March 2004-Union Government Transactions Audit Observations No. 2 of 2005 (tabled in Parliament in May, 2005), which include the sale transactions of Hotel Juhu Centaur, Mumbai and Hotel Airport Centaur, Mumbai, has *inter-alia* observed that valuation of these properties were not consistent with the practice followed by the Ministry in other cases. In the light of observation made by C&AG, sale transactions of these hotels were referred to CBI for an inquiry in July, 2005. Report of CBI is awaited.

The Comptroller and Auditor General of India conducted audit examination of 9 PSUs, disinvested through strategic sale between 1999 and 2003. The report of the Comptroller and Auditor General of India for the year ended March, 2005 [Union Government (Civil), Performance Audit No. 17 of 2006] on Performance Audit of Disinvestment of Government Shareholding in Selected Public Sector Undertakings during 1999-2003, was laid in the Parliament on 25th August, 2006. This report contains, *inter alia*, observations on the valuation of these PSUs. The Public Accounts Committee (PAC) has selected this report for detailed examination during 2006-07. Further action will be taken on receipt of the recommendations of the PAC.